

Message Text

LIMITED OFFICIAL USE

PAGE 01 HONG K 03155 210834Z
ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 SP-02 USIA-06 AID-05 EB-08
NSC-05 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 COME-00
CIAE-00 INR-07 NSAE-00 /076 W
-----210838Z 021005 /17

R 210650Z MAR 77
FM AMCONSUL HONG KONG
TO SECSTATE WASHDC 4164
INFO AMEMBASSY BOON
AMEMBASSY CANBERRA
AMEMBASSY LONDON
AMEMBASSY OTTAWA
AMEMBASSY PARIS
USLO PEKING
AMEMBASSY ROME
AMEMBASSY SINGAPORE
AMEMBASSY TAIPEI
AMEMBASSY TOKYO

LIMITED OFFICIAL USE HONG KONG 3155

E.O. 11652: N/A
TAGS: EWTD, EFIN CH
SUBJ: PRC TRADE IN 1976: REVISED ESTIMATES

REF: A) 76 HONG KONG 12811 B) PEKING 506 (NOTAL)

SUMMARY: REVISED ESTIMATES OF PRC TRADE WITH NON-COMMUNIST COUNTRIES IN 1976 INDICATE A TRADE ACCOUNT SURPLUS OF \$696 MILLION. DESPITE THIS, THE OUTLOOK IS FOR CONTINUED FOREIGN EXCHANGE STRINGENCY AS EXPORTS FAIL TO RECOVER AS QUICKLY AS IMPORTS. END SUMMARY.

1. ESTIMATED 1976 PRC TRADE

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 HONG K 03155 210834Z

OUR REVISED ESTIMATES FOR PROC-NON-COMMUNIST COUNTRY TRADE IN 1976, WITH COMPARISONS FOR 1975 AND 74, ARE AS FOLLOWS:
(US\$ MILLIONS)

	PRC EXPORTS F.O.B.	PRC IMPORTS, C.I.F.	TOTAL TRADE BALANCE
1976	5,660	4964	10,624 696
1975	5,565	6,400	11,965 -835
1974	5,140	6,375	11,515 -1230

PERCENTAGE CHANGE:

1976/65	PLUS 2	-22	-11
1975/74	PLUS 8	PLUS .04	PLUS 4

2. THE ABOVE ESTIMATES ARE BASED ON 10-12 MONTH STATISTICS FOR 21 JAOR TRADING PARTNERS WHICH ABSORBED 67 PERCENT OF PRC EXPORTS AND SUPPLIED 73 PERCENT OF PRC IMPORTS IN 1975. THIRD-WORLD COUNTRY TRADE HAS BEEN ESTIMATED ON THE BASIS OF 1975 RATIOS, ASSUMING NO CHANGE IN THESE IN 1976. THE SHIFT FROM THE SIZABLE DEFICIT ESTIMATED LAST OCTOBER (REF A) TO A LARGE (\$696 MILLION) SURPLUS IS THE RESULT OF AN UNFORESEEN AND PRICIPITOUS DROP IN PRC IMPORTS IN UHE LAST 4-6 MONTHS OF 1976. BY CONTRAST, PRC EXPORTS DID SLIGHTLY BETTER THAN EXPECTED IN LIGHT OF MID-YEAR TRENDS.

3. THE 22 PERCENT DROP IN IMPORTS IS THE MOST SIGNIFICANT ASPECT OF CHINA'S TRADE IN 1976. ALL OF THE PRC'S MAJOR PARTNERS, WITH THE SOLE EXCEPTION OF WEST GERMANY, WITNESSED DECLINES OR STAGNATION IN THEIR EXPORTS TO CHINA. IMPORT AND EXPORT FIGURES FOR THE TOP TEN TRADING PARTNERS, WITH COMPARATIVE FIGURES FOR 1975 IN PARENTHESES, ARE AS FOLLOWS (THESE COUNTRY FIGURES MAKE NO ADJUSTMENT FOR SHIPPING COSTS, THUS PRESENTING PRC EXPORTS CIF AND IMPORTS FOB):

(US\$ MILLIONS)

	PRC	PRC				
	EXPORTS	CIF	IMPORTS	FOB	TOTAL	BALANCE
JAPAN	1,371	(1,453)	1,669	(2,260)	3,040	-298
			(3,713)	(-807)		
HONG KONG	1,094	(1,033)	5	(5)	1,099	1,089
LIMITED OFFICIAL USE						

LIMITED OFFICIAL USE

PAGE 03 HONG K 03155 210834Z

		(1,039)	(1,028)		
WEST GERMANY	271	(195)	623	(525)	894 -351
		(720)	(-330)		
FRANCE	109	(151)	285	(375)	394 -176
		(526)	(-224)		
AUSTRALIA	104	(85)	266	(325)	370 -162
		(410)	(-240)		
UNITED STATE	201	(160)	135	(300)	336 66
		(460)	(-140)		
SINGAPORE	270	(275)	40	(40)	310 230
		(315)	(235)		
CANADA	87	(55)	212	(375)	299 # \$ -125
		(430)	(235)		
ITALY	147	(112)	139	(145)	286 8
		(257)	(-33)		
U.K.	157	(112)	123	(180)	280 34
		(292)	(-68)		

THESE CY 1976 TOTAL FIGURE ARE OFFICIAL YEAR-END FIGURES FOR THE U.S., JAPAN, WEST GERMANY, HONG KONG AUSTRILIA AND THE

U.K. PROJECTIONS FROM 11 MONTH FIGURE FOR FRANCE, SINGAPORE
AND CANADA AND FROM 10 MONTH FIGURES FOR ITALY.

4. THE DECLINING TREND IN TRADE, PARTICULARLY FOR IMPORTS,
EVIDENCE IN THE THIRD AND FOURTH QUARTERS OF 1976 IS LIKELY
TO BE ARRESTED AND PERHAPS REVERSED IN THE FIRST HALF OF
1977. THE PRC IS SCHEDULED TO TAKE DELIVERY OF APPROXIMATELY
2 MILLION METRIC TONS (MMT) OF STEEL FROM JAPAN, OVER 1 MMT
OF FERTILIZER, AS WELL AS PERHAPS 2.5 MMT OF WHEAT AND
ADDITIONAL AGRICULTURAL COMMODITIES DURING THE PERIOD.PRC
EXPORTS ARE UNLIKELY TO RECOVER WITH SUCH ALACRITY, AND THIS
FACT MAY GO FAR TOWARD EXPLAINING RECENT PRC GOLD SALES IN
THE LONDON MARKET.

5. EVIDENCE THAT THE PRC CONTINUES TO LABOR UNDER FOREIGN
EXCHANGE STRINGENCY, COMBINED WITH OUR ESTIMATE OF SUBSTANTIAL
TRADE SURPLUS LAST YEAR, SUGGESTS ALSO THAT DEMANDS ON PRC
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 HONG K 03155 210834Z

FOREIGN EXCHANGE WERE HIGHER LAST YEAR THAN ESTIMATED IN
REF A. IN PARTICULAR, IT IS LIKELY THAT DEFERRED PAYMENTS
AND INTEREST CHARGES WERE HIGHER, PERHAPS EVEN MORE THAN
DOUBLE, THE \$200 MILLION ESTIMATED. ALSO OUR ESTIMATE OF
\$100 MILLION FOR NET FREIGHT CHARGES WAS PROBABLY FAR BELOW
ACTUAL CHARGES WHICH WE WOULD CURRENTLY ESTIMATE AT \$210
MILLION.

6. REF (B) REPORTS THAT EC MEMBER EMBASSIES IN PEKING ARE
ESTIMATING A PRC CURRENT ACCOUNT SURPLUS OF \$100 MILLION
IN 1976. OUR PRESENT FEELING IS THAT THIS IS MUCH TOO LOW;
BUT WE CANNOT OFFER DEFINITE JUDGMENTS WITHOUT FIRST SEEING
THEIR DATA AND METHODOLOGY.
CROSS

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE DATA
Control Number: n/a
Copy: SINGLE
Sent Date: 21-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977HONGK03155
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770095-1272
Format: TEL
From: HONG KONG
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770340/aaaabiiz.tel
Line Count: 153
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 84bed4b4-c288-dd11-92da-001cc4696bcc
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 HONG KONG 12811, 77 PEKING 506
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 15-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3051497
Secure: OPEN
Status: NATIVE
Subject: PRC TRADE IN 1976: REVISED ESTIMATES
TAGS: ETRD, EFIN, CH
To: STATE
Type: TE
vdkgvwkey: odbsc://SAS/SAS.dbo.SAS_Docs/84bed4b4-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009